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SUBJECT: UKRAINE/POLAND: PM KACZYNSKI'S VISIT SIGNALS
CONTINUITY OF WORKING RELATIONSHIP

Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d)

¶1. (C) Summary: Both the Ukrainian and Polish sides hailed the November 15 visit of Polish PM Jaroslaw Kaczynski to Kyiv as a solid sign of continuity in Poland's working relationship with the government of Ukrainian PM Yanukovych. During his one-day visit, Kaczynski met with Yanukovych, President Yushchenko, and opposition politician Yuliya Tymoshenko. Although the Poles are taking a wait-and-see attitude regarding the direction Yanukovych will take Ukraine, they are encouraged by recent progress on WTO-related bills in parliament (Rada) and continued expansion of bilateral trade. Kaczynski and Yanukovych agreed to form a working group on a project to utilize the Odesa-Brody pipeline to deliver oil to the Polish-owned refinery in Kralupy, Czech Republic, and to take steps to hold a summit meeting of the leaders of Ukraine, Poland, Uzbekistan, and Kazakhstan on energy issues in Kyiv next year. They also agreed to modernize and expand border crossing facilities, work towards ending the ban on Polish meat imports and to cooperate in the aviation sector. Kaczynski invited Yanukovych to visit Poland. End summary.

The Itinerary

¶2. (U) Polish Prime Minister Jaroslaw Kaczynski made a one-day working visit to Kyiv November 15. His delegation included Economy Minister Piotr Wozniak (whose portfolio also includes energy) and vice ministers of Agriculture, Culture, Defense, and Interior. The Polish government official responsible for preservation of cultural and historical sites of significance to Poland also accompanied the delegation. Kaczynski chaired an intergovernmental commission with his counterpart, Ukrainian Prime Minister Viktor Yanukovych, met with President Yushchenko and separately with opposition politicians Yuliya Tymoshenko and Ukrainian Peoples' Party head Yuriy Kostenko.

¶3. (U) Because of the brevity of the visit, Kaczynski did not meet separately with Foreign Minister Tarasyuk, but Tarasyuk did sit in on the Yushchenko meeting. Polish Embassy Deputy Head of Mission Roman Kowalczyk noted to us November 22 that since Rada Speaker Oleksandr Moroz was out of the country no meeting occurred at the Rada. Other delegation members held meetings with their counterparts, most notably a session of the Ukraine-Poland intergovernmental economic cooperation commission that Wozniak and Ukrainian Energy Minister Yuriy Boyko co-chaired.

Strong Ties

¶4. (U) The two countries enjoy strong economic ties. As of October 1, 2006, Poland is Ukraine's 11th largest investor (behind 5 other EU members), with a stock of \$331 million,

while total Ukrainian direct investment in Poland was \$22 million. It was the second greatest destination for Ukrainian FDI after Russia. Total trade turn-over was \$3.6 billion, of which Polish exports to Ukraine constituted \$2.6 billion and imports, \$1 billion. Kowalczyk claimed that bilateral trade in 2006 was expected to grow by 33% over last year, with strong trade growth continuing in the future whether or not Ukraine joined WTO.

15. (U) Ukraine and Poland also have historically strong ties, with significant parts of western Ukraine once part of Poland or the Polish Lithuanian Commonwealth, so that a number of important Polish historical figures were actually born in what is now Ukrainian territory. While the two countries' paths have diverged since independence (Poland moving quickly toward western Europe and first NATO then EU membership, and Ukraine adopting a more ambivalent approach), bilateral relations warmed considerably after the December 2004 Orange Revolution. Poland has been a consistent advocate for Ukraine within the EU and has pushed strongly for Ukraine's early entry into NATO. With a change in the governments of Ukraine and Poland, leaders of both countries saw the need to reinforce the relationship.

16. (C) Both Kowalczyk and Ukrainian MFA Poland desk officer Yuriy Tokar noted that PM Kaczynski's visit signified a willingness on Poland's part to work with the Yanukovych government. Kowalczyk observed that the two prime ministers were able to build on a relationship that began when both attended a September 6 Economic Forum meeting in Krynica, Poland. During his meeting with Kaczynski, President Yushchenko had averred that Yanukovych had changed himself but Kowalczyk cautioned that "Yushchenko is an optimist." Kowalczyk noted the course of Yanukovych's government should be clearer over the next several months.

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Modest Achievements

17. (C) Kaczynski and Yanukovych agreed to set up a working group to implement a project to pump crude oil through the Odesa-Brody pipeline to the Polish owned refinery in the Czech city of Kralupy. Tokar told us there were also plans for a summit meeting of the leaders of Ukraine, Poland, Uzbekistan, and Kazakhstan on energy issues in Kyiv early next year. Regional cooperation with the Visegrad Group and the prospects for the Transport Corridor Europe-Caucasus-Asia were also discussed. Septel will report on recent developments in the energy sector.

18. (SBU) Tokar also said agreement had been reached to expand and modernize the border crossing facilities and that efforts would be made to ease the ban on Polish meat imports to Ukraine. According to Tokar, Yanukovych told Kaczynski that the needed WTO legislation would be passed by the Rada by the 21st of December. Sounding a more cautious note, Kowalczyk said that the recent Rada action is a "good sign" but "we don't know what the conclusion will be."

19. (SBU) Tokar said Kaczynski supported Ukraine's eventual entry into NATO and considered it an important step towards integration into the EU but realizes that public support in Ukraine for entry into NATO was currently weak. Tokar also said that Ukraine's relationship with the EU was discussed and that Ukraine had been grateful for Poland's support on EU matters. Kaczynski welcomed a reciprocal Yanukovych visit to Poland.

110. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kyiv.
Taylor